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WATER/FLC/JPT/MXK/MML/jlj

AGENDA ITEM #4990

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4565

October 27, 2005

R E S O L U T I O N

(RES. W-4565), DEL ORO WATER COMPANY (DEL ORO), PARADISE PINES DISTRICT AND COUNTRY ESTATES DISTRICT. ORDER AUTHORIZING A SURCHARGE TO RECOVER AN INCREASE IN WATER QUALITY EXPENSES PRODUCING AN INCREASE IN ANNUAL REVENUE OF \$10,000 OR 0.68% FOR THE PARADISE PINES DISTRICT AND \$420 OR 0.56% FOR THE COUNTRY ESTATES DISTRICT.

SUMMARY

By Advice Letter No. 138, filed on June 13, 2005, Del Oro seeks to add a one time surcharge of \$2.16 to its Schedule No. PP-1A, Annual General Metered Service, Paradise Pines District, and a one-time surcharge of \$4.72 to its Schedule No. CE-1A, Annual General Metered Service, Country Estates District. The increases requested are to recover water quality compliance costs incurred in the period of November 1, 2003 to December 31, 2004 (recorded period) over and above the amount allowed in the last general rate cases for Del Oro's Paradise Pines and Country Estates Districts, respectively. This increase will not result in a rate of return greater than that last authorized for either district.

This resolution hereby grants Del Oro the authority to recover \$10,000 in its Water Quality Memorandum Account (WQMA) for Paradise Pines District and \$420 in its WQMA for Country Estates District.

BACKGROUND

Del Oro, a Class B utility, provides water service to 4,669 customers in its Paradise Pines District located in Butte County and 89 customers in its Country Estates District in Kern County. Del Oro requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to recover \$10,000 or 0.68% in its Paradise Pines District and \$420 or 0.56% in its Country Estates District through a one time surcharge for water quality testing costs in the recorded period. Paradise Pines District's present

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rates became effective on May 15, 2005, pursuant to Resolution (Res.) No. W-4533, granting a general rate increase. Country Estates District's present rates became effective on December 28, 2004, pursuant to Res. No. W-4512, granting a general rate increase.

NOTICE AND PROTESTS

Notice of the proposed rate increase for Paradise Pines District was published in The Paradise Post, a newspaper of general circulation, on June 25, 2005, as evidenced by proof of publication provided to the Water Division by the utility. Notice of the proposed rate increase for Country Estates District was mailed to all customers on June 24, 2005. There were no protests concerning the proposed surcharges.

DISCUSSION

Res. No. W-4327, dated March 6, 2002, authorized all Class B, C, and D water utilities to establish WQMA for recording expenses resulting from drinking water regulations, including water sampling, testing, and compliance costs not presently included in rates. Class B, C, and D water utilities were also authorized to request recovery of these account balances by advice letter filings in accordance with General Order No. 96-A.

The surcharge requested herein would allow Del Oro to recover the WQMA balance for the recorded period. The Water Division (Division) reviewed the earnings tests submitted by Del Oro for earnings on an actual basis for recorded year 2004. Del Oro reported net operating revenue of \$145,511 or 6.85% rate of return for Paradise Pines District for 2004 on a recorded basis and is not earning over its authorized rate of return of 8.48%. Del Oro reported net operating revenue of \$3,967 or 3.01% rate of return for Country Estates District for 2004 on a recorded basis and is not earning over its authorized rate of return of 8.48 %. The Division recommends that Del Oro be authorized to assess a one-time surcharge of \$2.15 per customer for Paradise Pines District and a one-time surcharge of \$4.72 for Country Estates District.

FINDINGS

1. Resolution No. W-4327 authorized all Class B, C, and D water utilities to establish WQMAs for recording expenses resulting from drinking water regulations not presently included in rates.
2. Class B, C, and D water utilities were authorized to request recovery of the WQMA account balances by advice letter filings.

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3. Del Oro Water Company filed Advice Letter No. 138 to seek surcharges to recover WQMA costs incurred during the period November 1, 2003 through December 31, 2004.
4. The undercollections in the WQMA represent 0.68% of gross revenues for Paradise Pines District.
5. The undercollections in the WQMA represent 0.56% of gross revenues for Country Estates District.
6. The surcharge herein would allow Del Oro to recover the Paradise Pines District WQMA balance, which totals \$10,000.
7. The surcharge herein would allow Del Oro to recover the Country Estates District WQMA balance, which totals \$420.
8. It is proper for Del Oro to assess a surcharge for \$2.15 per Paradise Pines District customer to cover the WQMA costs.
9. It is proper for Del Oro to assess a surcharge for \$4.72 per Country Estates District customer to cover the WQMA costs.
10. The Commission finds, after investigation by the Water Division, that the request is justified, and the resulting rate is just and reasonable.
11. This is an uncontested matter subject to the public notice comment exclusion provided in the PU Code Section 311 (g) (3).

THEREFORE IT IS ORDERED THAT:

1. Del Oro Water Company, Paradise Pines District, is authorized five days after the effective date herein, to make effective revised Schedule No. PP-1A, Annual General Metered Service, attached to Advice Letter No. 138, and to cancel the corresponding presently effective rate schedule.
2. Del Oro Water Company, Country Estates District, is authorized five days after the effective date herein, to make effective revised Schedule No. CE-1A, Annual General Metered Service, attached to Advice Letter No. 138, and to cancel the corresponding presently effective rate schedule.

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3. Del Oro Water Company is directed to maintain a balancing account as required by Public Utilities Code Section 792.5.
4. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on October 27, 2005; the following Commissioners voting favorably thereon:

STEVE LARSON
Executive Director